



1026 17TH STREET. N. W., WASHINGTON 6, D. C.

THE '54 BUDGET: A *Problem of Balance*

FOR the first time in twenty years a budget has been submitted to Congress at a time when the major policies and programs for which the money is requested are being re-examined by a new Administration. This "fiscal 1954" budget calls for expenditures for the year beginning July 1, 1953 of \$78.6 billion. Receipts are estimated at \$68.7 billion, and the deficit at \$9.9 billion.

The new Director of the Budget Bureau, Joseph M. Dodge, held a press conference on January 7 to say that the Eisenhower Administration, "with the co-operation of Congress," was determined to work for a balanced budget. At the same time, Dodge warned the country not to expect any "60-day miracles" in budget balancing.

What is the budget which the new Administration must now undertake to modify, in line with its own projects and programs?

About three-fourths of the proposed budget consists of money to be spent for various aspects of national security:

- \$46.3 billion** for domestic military outlays (paying servicemen, buying military equipment, research, stockpiling, etc.) 59% of the total.
- \$ 7.9 billion** for foreign military and technical assistance.
- \$ 4.6 billion** for veterans' benefits.
- \$ 6.4 billion** for interest on the national debt.
- \$ 4.1 billion** for development and conservation of natural resources. About two-thirds of this is for atomic energy.

The remaining one-fourth of the budget is for various domestic programs:

- \$ 1.8 billion** for agriculture; half for price supports and related programs.
- \$ 2.8 billion** for social security; more than 60% of this for grants to states.
- \$ 1.5 billion** for general government; collecting taxes, operation of Congress and the courts.
- \$ 1.4 billion** for housing, education, labor and commerce.

Some Items Are Fixed

Some parts of the budget are fixed by law, and cannot be reduced unless Congress repeals or revises basic legislation already on the books. These include such things as grants to states for public assistance, roads and hospitals; pensions and other veterans' benefits; and farm price supports.

Another relatively fixed item is interest on the national debt, which cannot be cut appreciably unless the debt itself is reduced.

Some Items Are Hard to Change Quickly

One limitation on immediate budget balancing is the fact that some money is appropriated in one year to be spent in succeeding years. Since it takes time to place orders, there is an interval between the time Congress appropriates, or grants obligational authority, for a federal program or activity and the time the agencies incur obligations. It also takes time for goods to be produced and delivered, so there is a further interval before the obligated funds are actually spent. As a result the total funds appropriated by Congress during any one year are only partially spent that year. Also the expenditures made in any one fiscal year come in part from authority granted in prior years and in part from new obligational authority granted the same year. For fiscal 1954, \$37.5 billion has already been authorized to be spent. A total of \$72.9 billion of authority to incur new obligations was recommended by the 1954 budget. Of this total, \$41.1 billion is to be spent in 1954, and \$31.8 after. Thus, even if Congress reduces the total, the effects will not be felt immediately.

Can We Cut National Security Programs?

Some advocates of economy believe that greater efficiency of operation in the area where most of our money is spent—national security programs—can yield substantial savings. There is no question but that in the vast operations of the Defense establishment, and to a lesser degree in the foreign aid programs, there is waste and inefficiency. The question no one can answer is how much dollar savings can be effected by tightening up all along the line. A greater effort to save money on the part of a large number of administrative officials might show substantial results.

Savings can also be effected by actually cutting or changing programs. These are matters of policy which Congress and the Administration must decide in the light of their judgments about the world situation. How many tanks, planes, etc.; how much industrial capacity and how fast; how many men under arms; how much aid to our allies;—all these are important policy questions, the answers to which are reflected in the budget.

Anything other than a meat-ax approach to budget balancing will be a matter for careful analysis and hard work on the part of each officer of the federal government responsible for spending money, and on the part of every member of Congress.

Expensive Politics

"UNDER the present laws it is impossible even to estimate closely how much is being spent, much less where it comes from or where it goes." This is the view of the Chairman of a special House committee which spent six months investigating 1952 campaign spending. The committee concluded that federal laws governing campaign spending are inadequate and widely disregarded, in spirit if not in letter.

For example, the law does not limit the total expenditures made *in support of* a candidate for federal office; only the expenditures made *by* the candidate. This made it possible for a successful Senatorial candidate to spend and report only \$15,866, well within the legal limit. However, \$217,995 was spent on his behalf. Limiting the expenditures on behalf of a candidate may be dangerous because contributions are an expression of opinion. It has been contended that a statute imposing such limits could be an abrogation of constitutional rights.

The present law does not regulate expenses of primaries and nominating conventions. In many states this is the period of real contest and large expenditures. Preconvention expenses are also on the rise. Mr. Walter Williams testified that \$1.2 million was spent by the National Citizens for Eisenhower Committee before the convention. He noted that this did not include preconvention expenses of various other national, state and local groups working toward the same end.

The limitation on expenditures by national political committees presents another thorny problem. All the investigating committee's witnesses agreed that the \$3 million limitation for national committees was totally unrealistic in the light of modern campaign methods and costs. The total spent by the parties and various committees for network radio and television alone exceeded \$3½ million. Because of the limit on national committees, special local and state committees are set up whose total expenditures are many times the legal limit of the national committee. A special New York Times survey of spending in the 1952 campaign indicated that at least \$32,155,251 was spent and officially reported by political organizations, independent groups and candidates. This was a rock bottom figure including only costs that had been officially reported. In many cases local spending simply could not be ascertained. Estimates of total spending from \$80 to \$100 million were made before the House committee.

The \$5000 limit on individual contributions to any single national political committee or candidate is also ineffective. There is no limit to the number of committees or candidates which may receive \$5000, or to the number of infants and relatives through whom contributions may be made. Furthermore, there is no limit to the size of contributions to state or local committees. The present law does not attempt to control expenditures of political committees unless they are active in more than one state.

In the light of all these deficiencies, the House committee unanimously agreed that a revision of federal election laws is imperative and that eight steps could be taken immediately:

1. Federal election laws should be broadened to apply to primaries and nominating conventions.
2. Campaign spending reports should be extended to include committees operating in a single state.
3. Reporting requirements now applied to political committees should be extended to all organizations

★ CONGRESSIONAL SPOTLIGHT ★

Treaties (S. J. Res. 1): Proposed constitutional amendment introduced by Senator Bricker (R., Ohio) and 61 other Senators, dealing with the treaty-making power of the President. Referred to Senate Judiciary Committee.

Repeal Buy American Act (H. R. 613): Proposes repeal of the 1933 Buy American Act. Introduced by Rep. Frank Smith (D., Miss.) January 3. Referred to House Public Works Committee. (See NATIONAL VOTER Jan. 1, 1953).

Electoral College and Presidential Succession (S. J. Res. 8): Proposed constitutional amendment introduced by Senator Smathers (D., Fla.) January 7, providing for Presidential Primaries, abolishing electoral college, and providing for Presidential succession. Referred to Senate Judiciary Committee.

Ceiling on Income Taxes (S. J. Res. 23): Proposes constitutional amendment placing 25 per cent limitation on federal income taxes. Introduced by Senator Dirksen (R., Ill.) January 16. Referred to Senate Judiciary Committee.

HAVE YOU SEEN . . . ?

The new MEMO, *The United States and the Underdeveloped Countries*. Discussion of problems facing underdeveloped nations in relation to some U. S. needs, what has been done, and proposals to make U. S. and U. N. policies more effective. (Publication #206, 15¢.)

that receive or spend money to influence federal elections.

4. Existing limits of \$3 million for spending by national political committees should be substantially raised and a lower limit set for political committees active only in one state.

5. The present spending limits of \$25,000 by Senatorial and \$5000 by House candidates should be substantially raised.

6. Report forms should be revised to indicate how much was spent by, or *in aid or support of*, each candidate for a federal office.

7. Report forms should be given greater publicity.

8. Present \$5000 limit on individual campaign contributions should be revised to reflect more clearly the intent of Congress and thereby avoid the present "evasions of the spirit if not the letter of the law."

There was also unanimous agreement that Congress recommend to the states that action be taken to provide uniform laws relating to campaigns and elections for federal office.

As we go to press, the report of the outgoing Senate subcommittee on Elections has been released, embodying similar recommendations. This group also suggests specific new spending limits for Senators (\$250,000) and national committees (\$10 million), plus more rigid controls and penalties on scurrilous campaign literature.

THE NATIONAL VOTER

Vol. II

FEBRUARY 1, 1953

No. 13

Published by the League of Women Voters of the U. S. twice monthly during sessions of Congress. Otherwise published monthly except July and August.

1026 17th Street, N.W., Washington 6, D. C.

MRS. JOHN G. LEE, President

Editors: MRS. ALEXANDER GUYOL

MRS. ANDREW MACKAY SCOTT

Entered as second-class matter, April 9, 1951, at the Post Office, Washington, D. C., under the act of March 3, 1879.

Subscriptions \$1.00 per year.